

TO: COUNCIL MEMBERS

FROM: Irvin Corley, Jr., Fiscal Analyst
Anne Marie Langan, Asst. Fiscal Analyst

DATE: December 6, 2000

RE: Analysis of FY 1999-2000 Overtime Spent, Employee Counts and
Historical Analysis of Overtime and Developing Trends

We have collected and analyzed the actual employee numbers and the overtime spent by department for fiscal year 1999-2000. The year ended with overtime costs of \$103.8 million, a \$14.2 million (or 15.9%) increase over the previous year. This was overbudgeted by \$50.7 million. The year-end employee count was 17,797, which was an increase of 353 over the 1998-99 fiscal year.

Combining this data with historical data since fiscal year 1991-92, we wish to highlight the following points:

1. Overtime expenditures have increased by 125% over the last nine years and at the same time there are now 96 more full-time employees than there were in 1991-92 (Chart 1). It does not appear that overtime is always being used to compensate for the lack of employees.
2. General wage increases over the last nine years total 13%, which would generate an overtime increase to \$52.5 million. Even if you also assume that every title has received an additional 12% range upgrade for a total increase of 25% the annual overtime figure would have increased to \$57.6 million.
3. At year end there were 1,835 vacant budgeted full-time positions (Chart 6). Using an average salary of \$31,000, plus fringes which totals \$46,500 per vacancy, the amount of salary and fringe dollars not spent due to vacancies totals \$85.3 million.

4. The \$18.1 million in turnover savings taken for the 1999-00 fiscal year represents 21% of the unspent funds due to vacant positions (Chart 5). Additionally, 59% of the funds available due to vacant positions was spent on unbudgeted overtime. The Administration recommended turnover savings of \$11.3 million and the Council approved an additional \$6.85 million.
5. In 1999-2000, after backing out unbudgeted overtime and recognizing turnover savings, there was approximately \$ 16.5 million which Council had approved in the mayor's recommended budget for salaries, wages and fringes, which presumably was used for other segments in the budget – supplies, equipment or contractors (Chart 2).
6. The Administration has been creating this artificial funding level by adding 1,835 positions in the last five years, beginning in 1995-1996 (Chart 3).

Council will note that in the current fiscal year, 2000-2001, that the number of positions was increased by another 495 positions. The Administration recommended a greater turnover savings amount of \$31.2 million, which basically equates to eliminating the funding for all the newly added positions (495 employees with an annual salary and fringes of \$45,000 is \$23 million) and only \$8 million carried over from the prior year. Council approved an additional, yet conservative amount of \$5.3 million, for a total in turnover savings of \$36.5 million.

This office wants it made clear that this analysis that we point out to your Honorable Body is not a condemnation of the current process. Instead it is an opportunity to point out some large variances that could be more tightly controlled considering the city's severely constrained resources.

Overtime is a tricky item to budget. If it is budgeted it will be spent more easily and you do not always want such a self-fulfilling prophecy. It is also understood by this office that overtime is necessary when you do not have enough people on staff to get the job done, if there is an emergency or if there is short-term seasonal work that doesn't warrant new hires. However, could the need for overtime have increased so greatly? Council will recall that overtime from July, 1992 through December, 1994 was considered to run high due to the 10% reduction of work hours which resulted in overtime kicking in sooner for jobs that needed constant coverage.

It appears by the Administration's decision to add positions to the budget that the departments' struggles to accomplish their mission(s) are being recognized. However, the budget, the planning document for the fiscal year, is not adequately reflecting in what manner the dollars are really going to be spent. If the positions cannot be filled are contractors being hired in the interim or is the work not getting done? Turnover savings is a mechanism used to control and address vacant positions and the related funding. Perhaps it should be used to a greater extent.

We were conservative in calculating the “value” of the vacant positions. For all eight years we used a salary of \$31,000 plus fringes which totals \$46,500 per vacancy. Many of those positions are uniformed which would mean the savings would be greater. However we chose to be more cautious.

During the year-to-date process, where we focus on 13 major General Fund agencies, we hope to ask the individual departments how they can explain last year’s overtime increases and if plans are in place to more closely monitor current year expenditures.

Overtime as of 6/30/00 (Chart 4)

As stated earlier, \$103.8 million was spent citywide on overtime – \$50.7 million more than was budgeted. This reflected a \$14.2 million, or a 15.9% increase over the previous 1998-99 fiscal year.

Additionally in Chart 5 we have provided an Overtime History by Department that goes back to FY 1991-92.

Comparison of Budgeted Positions with Actual Employees at 6/30/00 (Chart 6)

The first three columns list by department the number of full-time positions budgeted in the FY 1999-2000 Redbook. There are 19,848 full-time positions and 299 part-time positions, for a budgeted total of 20,147 positions in the 99-00 Redbook.

All part-time positions are budgeted as full-time equivalents. Each department determines how many working hours are needed to complete a seasonal task and by using the standard 2,080 hours for full-time annual work and converts that to a full-time equivalent number. The length of time part-time employees appear on the payroll are closely monitored by the Budget Department and each respective department.

The information provided in the last eight columns is the actual data from the June 30, 2000 Position Status Summary Report. The “Total Positions” column includes seasonal part-time positions and “unmatched employees”. Employees become “unmatched” in the payroll system due to one of two reasons: 1) the employee is no longer provided with a position at their current civil service title because the department removed the position from the budget; 2) the employee is in one payroll location while their related budgeted position is in a different payroll location.

Employees on leave-of-absence or receiving workers compensation are also included in the “Filled Positions” count. Because these employees will eventually return from either of these types of absences, departments cannot hire a replacement while they are on leave.

When analyzing the actual work force or actual salary costs, however, the leave-of-absence and temporary workers compensation employees need to be deducted from

the actual count. This is due to the fact that they are not presently generating salary costs in the regular payroll system.

Employees out on workers compensation are paid on a separate workers compensation payroll. This workers compensation number only reflects the short term, not the long term workers comp employees. The cost for the workers compensation payroll is included in the fringe cost that is assigned to each budgeted full-time equivalent.

Employees on leave-of-absences do not receive salary from either payroll. Each departments with leave-of-absence or workers compensation employees closely monitor their employees on a case by case basis with the Budget Department. This is to determine if a leave-of-absence or workers compensation absence will be long-term enough to warrant the replacement of a worker in light of potential department attrition.

Please note: this office has adjusted the budgeted count from 20,147 to 19,632 by not counting the budgeted or actual staff in the 36th District Court. This discrepancy is due to the 515 budgeted employees at the 36th District Court. The positions were transferred to the city's budget due to the court restructuring that took place in 1997. However, these employees were not added to the City's payroll system and so the data regarding the actual FTEs has not yet been made available.

The full-time employee count on the payroll system at June 30, 2000, was 17,796, which is 1,836 below the adjusted budget of 19,632.

At June 30, there were 283 employees on the Position Status Summary Report that were actually paid from the workers compensation payroll. As stated above, this count does not reflect the entire workers compensation payroll, only the apparent short-term workers compensation claim. This was an increase of 24 worker comp claims compared to the prior year's count of 259.

The number of employees on workers compensation can fluctuate weekly, however the average for the past four quarters based on quarterly statistics is 294.

The Risk Management Division has devised a strategy to aggressively return employees to work even if on a restricted duty basis and to assess more critically an employee's request to enter the workers compensation system. Two examples of restricted duty assignments are the citizen complaint intake desk in the Mayor's Office and farebox counting at DOT.

Three departments generated 222 (78%) of these cases, Public Works Department, Department of Transportation and Water and Sewerage.

At June 30, 2000, the number of contractual employees on the payroll system was 1,111, which was a decrease of 46 compared with June 30, 1999. The number of

contractual employees fluctuates constantly, however the average for the past four quarters based on quarterly statistics is 1,098.

The personal service contractual payroll process serves a few different purposes so certain departments can run as efficiently as possible. The departments hire people on contract when there is a time specific project that needs temporary assistance or when a specific expertise is required and the person with that expertise has other circumstances that prohibit him from being hired as a full-time employee - other employment, non-resident, etc. The bulk of the contractual employees pertain to either seasonal or grant specific projects that make contractual hires the most sensible choice. The Housing and Health Departments have grants that necessitate the need for contractual hires. Housing has the Resident Monitor Program in which public housing residents are hired to monitor traffic coming into the building or to keep track of tenants in senior housing. Health runs the Food and Friendship Program and all of the volunteers receive a small stipend. The Recreation and Police Departments run seasonal programs in which it makes sense to hire playleaders, public service attendants and school crossing guards on a contractual basis.

We are available to answer any questions regarding this information.

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Attachments

cc: Kathie Dones-Carson, Research and Analysis Division Director
Marsha Bruhn, City Planning Commission Director
Joseph Harris, Auditor General
Roger Short, Budget Director
Gary Dent, Human Resources Director
Edward Hannan, Finance Director
David Smydra, Group Executive-Mayor's Office
Gerarda McCarthy, Mayor's Office

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